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**BEFORE THE
ILLINOIS COMMERCE COMMISSION**

In the Matter of)
Telseon Carrier Services, Inc.)
Application for Certificate to Become a) Docket No.
Telecommunications Carrier)

**PREFILED TESTIMONY OF STEVEN MILLER
ON BEHALF OF TELSEON CARRIER SERVICES, INC.**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven Miller. My business address is Telseon Carrier Services, Inc., 7887
E. Belleview Ave., Suite 600, Englewood, Colorado.

**Q. WHAT IS YOUR POSITION WITH TELSEON CARRIER SERVICES, INC.
("TELSEON")?**

A. I am the General Counsel

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
PROFESSIONAL EXPERIENCE.**

A. I have served as Telseon's General Counsel since February 2000. Prior to joining
Telseon I was a Senior Attorney at Media One Group, Inc., a high speed-data transport and cable
television company from June 1998 to February 2000. Before joining Media One, I was Chief
Counsel for US WEST, Inc. from March 1992 to June 1998. I received a BS degree in chemistry
from The United States Air Force Academy and a JD from The Ohio State University.

OFFICIAL FILE

I.C.C. DOCKET NO. 000595
Applicant Exhibit No. 1
Witness Steven Miller
Date 10/23/00 Reporter CR

1
2 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE ILLINOIS COMMERCE**
3 **COMMISSION ("COMMISSION")?**

4 A. No. I have never testified before the Illinois Commerce Commission.

5 **Q. IS TELSEON CURRENTLY CERTIFICATED TO PROVIDE SERVICE IN**
6 **ILLINOIS?**

7 A. No. Telseon is not currently certificated to provide service in Illinois.

8 **Q. IS TELSEON LEGALLY AUTHORIZED TO DO BUSINESS IN ILLINOIS?**

9 A. Yes. Telseon has been granted a Certificate of Authority to Transact Business in the
10 State of Illinois ("Certificate") and a copy of the Certificate is attached to Telseon's Application
11 as Exhibit 2.

12 **Q. ARE YOU FAMILIAR WITH THE APPLICATION THAT WAS SUBMITTED**
13 **BY TELSEON ON SEPTEMBER 6, 2000, TO THE COMMISSION FOR**
14 **CERTIFICATES OF SERVICE AUTHORITY TO PROVIDE COMPETITIVE**
15 **TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF ILLINOIS**
16 **("APPLICATION")?**

17 A. Yes. I am familiar with Telseon's application.

18 **Q. ARE THERE ANY CHANGES OR UPDATED INFORMATION OF WHICH THE**
19 **COMMISSION SHOULD BE AWARE?**

20 A. No. There are no changes or updated information to add to the original application.

21 **Q. DO YOU RATIFY AND CONFIRM THE STATEMENTS THAT ARE MADE IN**
22 **TELSEON'S APPLICATION?**

23 A. Yes, I do.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to describe Telseon and the services it proposes to offer
3 in Illinois. In addition, I will demonstrate that Telseon possesses the financial, technical,
4 managerial, and operational capabilities to operate as a provider of resold and facilities-based
5 telecommunications services in the State of Illinois.

6
7 **Q. PLEASE DESCRIBE THE AUTHORITY THAT TELSEON SEEKS BY ITS**
8 **APPLICATION.**

9 A. Telseon seeks authority to provide all forms of telecommunications services throughout
10 the State of Illinois. Telseon is in the process of obtaining authority nationwide.

11 **Q. PLEASE DESCRIBE BRIEFLY TELSEON'S CORPORATE STRUCTURE.**

12 A. Telseon is a privately-held corporation organized under the laws of the State of Delaware.
13 Telseon is a wholly owned subsidiary of Telseon, Inc., also a privately-held corporation
14 organized under the laws of the State of Delaware.

15 **Q. PLEASE DESCRIBE THE SERVICES TO BE OFFERED BY TELSEON.**

16 A. Telseon intends to provide a wide range of broadband and high-speed digital private line
17 services to business customers and Internet service providers using an IP Ethernet fiber optic
18 based network. Telseon's facilities are aimed at developing metropolitan area networks (MANs)
19 to eliminate the "bottleneck" between private local area networks (LANs) and the long haul fiber
20 optic backbone. Telseon's network will enable point-to-point, point-to-multipoint, and
21 multipoint-to-multipoint network connections and will be designed to enable high speed access
22 to ASPs, ISPs, and other types of service providers.

1 Applicant believes that the advanced technical characteristics of its network will allow it
2 to provide the high levels of reliability, security, and capacity that its target customers typically
3 demand as well as providing a more rapid time-to-provision by leveraging the applicant's
4 significant investment in operational support systems.

5 Initially, Telseon will lease the fiber optic facilities of other carriers while its own
6 facilities are being built. As the Applicant completes the build-out of its network, the Applicant
7 may move this traffic onto its own Network.

8 **Q. DOES TELSEON PROPOSE TO OFFER OPERATOR SERVICES?**

9 **A. No.** Telseon does not propose to offer operator services at this time.

10 **Q. PLEASE DESCRIBE THE MANAGERIAL QUALIFICATIONS OF TELSEON'S**
11 **MANAGEMENT PERSONNEL.**

12 **A.**Telseon's management personnel are well qualified to execute its business plans, having
13 extensive managerial, financial, and telecommunications experience. Descriptions of the
14 telecommunications and managerial experience of Applicant's key personnel were attached to
15 the Application as Exhibit 3. These descriptions demonstrate that Applicant's personnel have
16 extensive and demonstrated experience in operation of telecommunications carriers.
17 Accordingly, Telseon has the technical and managerial resources necessary to provide customers
18 in the State of Illinois with high-quality, dependable, competitive services.

19 **Q. PLEASE DESCRIBE TELSEON'S FINANCIAL QUALIFICATIONS TO**
20 **PROVIDE SERVICE.**

21 **A.**Telseon has access to the financing and capital necessary to conduct the
22 telecommunications operations as specified herein. Specifically, Telseon will rely upon the
23 substantial financial resources of its parent, Telseon, Inc., to provide the initial capital investment

1 and to fund operating costs. Attached to the Application as Exhibit 4 were Telseon Inc.'s
2 financial statements. With the resources of Telseon, Inc., Telseon possesses the sound financial
3 resources necessary to effectively procure, install, and operate the facilities and services
4 requested in Telseon's application.

5
6 **Q. IN YOUR OPINION, ARE THE FINANCIAL RESOURCES AVAILABLE TO**
7 **TELSEON ADEQUATE TO PERMIT IT TO OFFER THE SERVICES DESCRIBED IN**
8 **ITS APPLICATION?**

9 A. Yes. Telseon's financial resources are sufficient to offer and provide the services
10 described in its Application. Telseon has access to the financing and capital necessary to provide
11 the proposed services throughout the State of Illinois and to fulfill any obligation it may
12 undertake with respect to the operation and maintenance of the operations specified in this
13 Application.

14 **Q. WHAT CIRCUMSTANCES WARRANT A DEPARTURE FROM THE**
15 **PRESUBSCRIBED UNIFORM SYSTEM OF ACCOUNTS ("USOA")?**

16 A. Part 710 requires compliance with the Uniform System of Accounts ("USOA"). While
17 this provision is appropriately applied to incumbent LECs that have market power, it imposes
18 unnecessary and burdensome requirements on new entrants that are inconsistent with a
19 competitive environment. Telseon's size and lack of market power are special circumstances
20 that warrant a waiver of the USOA requirement. Telseon keeps its books in accordance with
21 Generally Accepted Accounting Principles ("GAAP"), which will result in a substantially
22 equivalent portrayal of its operating results and financial condition as the USOA and will
23 maintain uniformity in the substantive results as among telecommunications companies.

1 Q. WILL RECORDS BE MAINTAINED IN ACCORDANCE WITH GENERALLY
2 ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")?

3 A. Yes. Telseon's records will be maintained in accordance with GAAP.

4 Q. WILL APPLICANT'S ACCOUNTING SYSTEM PROVIDE AN EQUIVALENT
5 PORTRAYAL OF OPERATING RESULTS AND FINANCIAL CONDITION AS THE
6 USOA?

7 A. Yes. Telseon's accounting system will provide an equivalent portrayal of operating
8 results and financial condition as the USOA.

9 Q. WILL TELSEON'S ACCOUNTING PROCEDURES MAINTAIN OR IMPROVE
10 UNIFORMITY IN SUBSTANTIVE RESULTS AS AMONG SIMILAR
11 TELECOMMUNICATIONS COMPANIES?

12 A. As it is our understanding that the Commission has waived Part 710 for other competitive
13 carriers which keep their books in accordance with GAAP, Telseon's application of GAAP will
14 result in a substantially equivalent portrayal of its operating results and financial condition as the
15 USOA and will maintain uniformity in the substantive results as among telecommunications
16 companies.

17 Q. WILL APPLICANT MAINTAIN ITS RECORDS IN SUFFICIENT DETAIL TO
18 FACILITATE THE CALCULATION OF ALL APPLICABLE TAXES?

19 A. Yes. Telseon will maintain its records in sufficient detail to facilitate the calculation of
20 all applicable taxes.

1
2 **Q. DOES THE ACCOUNTING SYSTEM CURRENTLY IN USE BY TELSEON**
3 **PROVIDE SUFFICIENTLY DETAILED DATA FOR THE PREPARATION OF**
4 **ILLINOIS GROSS RECEIPTS TAX RETURNS? WHAT SPECIFIC ACCOUNTS OR**
5 **SUBACCOUNTS PROVIDE THIS DATA?**

6 A. Yes. Telseon's current accounting system provides sufficiently detailed data for the
7 preparation of Illinois gross receipts tax returns.
8

9 **Q. IF A WAIVER OF PART 710 IS GRANTED, WILL APPLICANT PROVIDE**
10 **ANNUAL AUDITED STATEMENTS FOR ALL PERIODS SUBSEQUENT TO**
11 **GRANTING OF THE WAIVER?**

12 A. Yes. If a waiver of Part 710 is granted, Telseon will provide annual audited statements
13 for all periods subsequent to granting of the waiver.
14

15 **Q. DOES APPLICANT AGREE THAT THE REQUESTED WAIVER OF PART 710**
16 **WILL NOT EXCUSE IT FROM COMPLIANCE WITH FUTURE COMMISSION**
17 **RULES OR AMENDMENTS TO PART 710 OTHERWISE APPLICABLE TO THE**
18 **COMPANY?**

19 A. Yes. Telseon agrees that the requested waiver of Part 710 will not excuse it from
20 compliance with future Commission rules or amendments to Part 710 otherwise applicable to
21 Telseon.

1
2 **Q. IS YOUR COMPANY SEEKING ANY WAIVERS OR VARIANCES OF**
3 **CERTAIN COMMISSION RULES AND REGULATIONS IN THIS PROCEEDING**
4 **THAT PERTAIN TO LOCAL EXCHANGE SERVICE? PLEASE PROVIDE**
5 **EVIDENCE AS TO WHY YOUR COMPANY IS SEEKING ANY WAIVERS OR**
6 **VARIANCE.**

7 **A.** Yes. Telseon is seeking standard waivers of Parts 710 and 735 of the Commission's
8 rules. Because Telseon will not provide voice services as part of its initial service offering, it
9 also requests, pursuant to 220 ILCS 5/13-402, waiver of 83 Ill. Admin. Code Parts 720, 725, 755,
10 and 756. Such waivers would remain in effect only until Telseon initiates the provision of voice
11 services. Telseon also requests authorization to maintain its books and records at its principal
12 place of business in the State of California, pursuant to 83 Ill. Admin. Code Part 250.

13
14 **Q. PLEASE DESCRIBE TELSEON'S REQUEST FOR A VARIANCE FROM 83 ILL.**
15 **ADMIN. CODE PART 250.**

16 **A.** Telseon seeks a variance of Part 250 that would require Telseon to maintain its books and
17 records within the State of Illinois due to the economic and administrative burden that such a
18 requirement would impose. Telseon therefore requests that it be allowed to maintain its books
19 and records at its principle place of business, with such books and records to be available to the
20 Commission upon reasonable demand.

1
2 **Q. PLEASE DISCUSS THE BASIS FOR TELSEON'S REQUEST FOR A WAIVER**
3 **OF 83 ILL. ADMIN. CODE PART 710.**

4 A. Part 710 requires compliance with the Uniform System of Accounts ("USOA"). While
5 this provision is appropriately applied to incumbent LECs that have market power, it imposes
6 unnecessary and burdensome requirements on new entrants such as Telseon. Telseon's size and
7 lack of market power are special circumstances that warrant a waiver of the USOA requirement.
8 Telseon keeps its books in accordance with Generally Accepted Accounting Principles, which
9 will result in a substantially equivalent portrayal of its operating results and financial condition.

10
11 **Q. PLEASE DESCRIBE TELSEON'S REQUEST FOR A VARIANCE FROM ILL.**
12 **ADMIN. CODE PART 735.180.**

13 A. Telseon seeks a variance from Ill. Admin. Code Part 735.180, which requires LECs to
14 publish and distribute directories to their customers. Telseon is a competitive access provider
15 and will not be providing services to end users. To the extent it is required to do so, Telseon will
16 negotiate an agreement with the LECs to include Telseon's customer listing in their directories
17 and distribute them to Telseon customers. Accordingly, Telseon requests a variance from the
18 requirement that it publish and distribute its own directories.

19
20 **Q. PLEASE DESCRIBE TELSEON'S REQUEST FOR A WAIVER FROM ILL.**
21 **ADMIN. CODE PART 735.**

22 A. To the extent that Telseon offers voice services in the future, it will comply with Part
23 735.

1
2 **Q. PLEASE DESCRIBE TELSEON'S REQUEST FOR A WAIVER FROM ILL.**
3 **ADMIN. CODE PARTS 720, 725, 755, AND 756.**

4 **A.** Initially, Telseon will not offer voice services to end users.
5

6 **Q. WHO WILL PROVIDE CUSTOMER REPAIR SERVICE FOR YOUR**
7 **COMPANY?**

8 **A.** During the time that Telseon is establishing its operations in Illinois, it will be contracting
9 with third parties not yet determined.
10

11 **Q. PLEASE PROVIDE THE NAME, ADDRESS, TELEPHONE, AND FAX NUMBER**
12 **OF THE PERSON AT YOUR COMPANY THAT WILL BE RESPONSIBLE FOR**
13 **WORKING WITH THE COMMISSION'S CONSUMER SERVICES DIVISION FOR**
14 **COMPLAINT RESOLUTION.**

15 **A.** The person responsible for working with the Commission's Consumer Services Division
16 for complaint resolution is Steven Miller. He may be reached at the following address:

17 7887 East Belleview
18 Suite 600
19 Englewood, Colorado 80111
20 Tel: (720) 554-7000
21 Fax: (720) 554-7290
22

23 **Q. WILL YOUR COMPANY MEET THE REQUIREMENTS AS THEY PERTAIN**
24 **TO THE TELEPHONE ASSISTANCE PROGRAMS IMPOSED BY SECTIONS 13.301**
25 **AND 13.301.1 OF THE ILLINOIS PUBLIC UTILITIES ACT AND 83 ILLINOIS**
26 **ADMINISTRATIVE CODE PART 757?**

1 A. To the extent that Telseon offers voice services in the future, it will comply with Part
2 757.

3
4 **Q. WILL YOUR COMPANY SOLICIT, COLLECT, AND REMIT VOLUNTARY**
5 **CONTRIBUTIONS FROM ITS TELEPHONE SUBSCRIBERS TO SUPPORT THE**
6 **TELEPHONE ASSISTANCE PROGRAMS?**

7 A. To the extent that the Commission determines that universal service requirements are
8 applicable to the Applicant, Telseon will abide by those rules.

9
10 **Q. DOES YOUR COMPANY PLAN ON FILING TO BECOME AN ELIGIBLE**
11 **TELECOMMUNICATIONS CARRIER?**

12 A. At this time, Telseon does not intend to seek designation as an Eligible
13 Telecommunications Carrier

14
15 **Q. DOES THE COMPANY REALIZE THAT IT WILL NOT BE ABLE TO**
16 **RECEIVE ANY OF THE FEDERAL REIMBURSEMENTS FOR THE LIFELINE AND**
17 **LINK UP PROGRAMS IF IT IS NOT AN ELIGIBLE CARRIER?**

18 A. Yes. Telseon does realize that it will not be able to receive any of the federal
19 reimbursements for the Lifeline and Link Up Programs if it is not an eligible carrier.

1
2 **Q. WILL YOUR COMPANY OFFER ALL OF THE WAIVERS ASSOCIATED**
3 **WITH THE UNIVERSAL TELEPHONE SERVICE ASSISTANCE PROGRAMS**
4 **(UTSAP)?**

5 A. To the extent that the Commission deems that universal service requirements apply to the
6 Applicant's services, Telseon will comply with the applicable rules and will offer all of the
7 waivers associated with UTSAP
8

9 **Q. WILL YOUR COMPANY ABIDE BY THE REGULATIONS AS**
10 **PRESUBSCRIBED IN 83 ILLINOIS ADMINISTRATIVE CODE PART 755,**
11 **"TELECOMMUNICATIONS ACCESS FOR PERSONS WITH DISABILITIES,"**
12 **ILLINOIS ADMINISTRATIVE CODE PART 756 "TELECOMMUNICATIONS RELAY**
13 **SERVICE," AND SECTIONS 13-703 OF THE ILLINOIS PUBLIC UTILITIES ACT?**

14 A. Telseon has requested a waiver of these Parts. To the extent that Telseon offers voice
15 services in the future, it will abide by the regulations in Part 755 and Part 756.
16

17 **Q. WILL THE COMPANY FILE TARIFFS FOR ALL SERVICES AND CHARGES**
18 **ASSOCIATED WITH PROVIDING LOCAL TELEPHONE SERVICE?**

19 A. Yes. Telseon will file tariffs for all services and charges associated with providing local
20 telephone service.
21

1 Q. WILL THE COMPANY'S BILLING SYSTEM BE ABLE TO DISTINGUISH
2 BETWEEN RESALE AND FACILITIES BASED SERVICE FOR THE COLLECTION
3 OF THE ITAC LINE CHARGE?

4 A. Yes.

5
6 Q. HAS YOUR COMPANY SIGNED AND RETURNED THE UNIVERSAL
7 TELEPHONE ASSISTANCE CORPORATION ("UTAC") AND THE ILLINOIS
8 TELECOMMUNICATIONS ACCESS CORPORATION ("ITAC") TO COMMISSION
9 STAFF?

10 A. Telseon will complete and forward the UTAC and ITAC forms to the Commission.

11 Q. PLEASE DESCRIBE YOUR COMPANY'S INTERNAL PROCESS FOR
12 COMPLAINT RESOLUTION, THE ESCALATION PROCESS WITHIN YOUR
13 COMPANY, AND WHEN A CUSTOMER IS NOTIFIED THAT THEY MAY CONTACT
14 THE ILLINOIS COMMERCE COMMISSION FOR ASSISTANCE.

15 A. Telseon will maintain a toll-free customer service number, 1-888-842-6272, that
16 customers may call to register service, billing, and repair complaints. Telseon views customer
17 satisfaction as critical to its success in the competitive market place and will address all service,
18 billing, and repair complaints and inquiries promptly. If Telseon is unable to resolve a complaint
19 to a customer's satisfaction, Telseon will advise the customer of its right to file a complaint with
20 the Illinois Commerce Commission.

21
22 Q. HAS YOUR COMPANY PROVIDED SERVICE UNDER ANY OTHER NAME?

23 A. No. Telseon has not provided telecommunications service under any other name.

1
2 **Q. HAVE ANY COMPLAINTS OR JUDGEMENTS BEEN LEVIED AGAINST THE**
3 **COMPANY? (INSTATE, OUT-OF-STATE, OR FCC).**

4 A. No. There have never been any complaints or judgements, instate, out-of-state, or FCC,
5 levied against Telseon.
6

7 **Q. PLEASE DESCRIBE TELSEON'S PROPOSED MARKETING PLAN, AND HOW**
8 **IT WILL PREVENT SLAMMING COMPLAINTS.**

9 A. Telseon will market its services through a combination of print media and point of
10 presence advertising in markets where Applicant provides services. Telseon does not currently
11 intend to engage in telemarketing or multi-level marketing. Telseon is a competitive access
12 provider and will not provide end user services. However, to the extent that Telseon does
13 provide end user services in the future, Telseon will establish management procedures to ensure
14 customers have affirmatively selected Telseon as their service provider. These procedures will
15 include policies similar to the Federal Communications Commission's telemarketing and PIC
16 change rules applicable to the long distance industry.
17

18 **Q. IF AUTHORIZED TO PROVIDE LOCAL EXCHANGE SERVICES, WILL**
19 **TELSEON ABIDE BY THE RULES, REGULATIONS, POLICIES, AND ORDERS OF**
20 **THIS COMMISSION, AND THE LAWS OF THE STATE OF ILLINOIS, IN ITS**
21 **PROVISION OF LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE?**

22 A. Yes. Telseon will provide service in Illinois in full compliance with any and all rules and
23 regulations that have been or may be adopted relating to the provision of local exchange or

1 interexchange services, as well as any other applicable state of federal rules, regulations, or
2 statutes.

3
4 **Q. PLEASE DESCRIBE THE PUBLIC INTEREST BENEFITS ASSOCIATED WITH**
5 **TELSEON'S PROPOSED OFFERING OF INTRASTATE INTEREXCHANGE AND**
6 **LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES IN ILLINOIS.**

7 **A** The entry of Telseon into the telecommunications business in Illinois will serve the
8 public interest by creating greater competition in the interexchange marketplace and permitting
9 customers to achieve increased efficiencies and cost savings. Telseon's proposed intrastate
10 services will enhance the services available to consumers and increase consumer choice through
11 innovative, diversified, and reliable service offerings. Consumers will benefit both directly, as a
12 result of the competitively priced service options available from Telseon, and also indirectly, as
13 Telseon's presence increases the incentives for other telecommunications providers to operate
14 more efficiently, reduce prices, and offer more innovative services. This result will, in turn,
15 further stimulate economic development in the State of Illinois.

16
17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes it does.
19